



DEPARTMENT OF AGRICULTURE

Rural Utilities Service

Announcement of Loan Applications Procedures and Deadlines for the Rural Energy Savings Program (RESP); Update

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice.

SUMMARY: The Rural Utilities Service (RUS), a Rural Development agency of the United States Department of Agriculture, published a Notice of Funding Availability (NOFA) in the *Federal Register* on Monday, August 6, 2018 (83 FR 38273) announcing funding availability, soliciting letters of intent for loan applications, outlining the application process for those loans, and setting forth deadlines for applications from eligible entities under the Rural Energy Savings Program (RESP). Since the publication of the NOFA, the Agriculture Improvement Act of 2018 (2018 Farm Bill) became law on December 20, 2018, and included statutory changes affecting RESP. The purpose of this notice is to inform the public of changes made to RESP pursuant to section 6303 of the Farm Bill.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]

and remaining in effect until further notice or publication of a regulation.

FOR FURTHER INFORMATION CONTACT: Robert Coates, Engineering Branch, Office of Loan Origination and Approval, 1400 Independence Avenue, SW Stop 1567 (Room 0221), Washington, DC 20250-1567. Telephone: (202) 260-5415. Email:

Robert.Coates@wdc.usda.gov.

SUPPLEMENTARY INFORMATION: RUS is amending the funding availability and solicited letters of intent for loan applications under RESP in the *Federal Register* on Monday, August 6, 2018 (83 FR 38273). Since the publication of the NOFA, the Agriculture Improvement Act of 2018, (2018 Farm Bill) became law (Public Law No. 115-334) which included statutory changes to the RESP statute (7 USC 8107a). The following changes became effective on the date of enactment of the Agriculture Improvement Act of 2018 (December 20, 2018):

1. cost-effective on-or off grid renewable energy is added to the list of eligible energy efficiency measures;
2. cost-effective storage systems is added to the list of eligible energy efficiency measures;
3. the maximum permitted interest rate that can be charged by a borrower to a qualified consumer is raised from 3% to 5%; and
4. recurring service bills were added as approved methods of repayment of RESP loans by Qualified consumers to RESP borrowers (the previous statutory language only allowed repayment through the electric service bill).

5. Additionally, the 2018 Farm Bill included new legislative language that directs the Agency not to consider any debt incurred by a borrower under this program in the calculation of the debt-equity ratio of the borrower for purposes of eligibility for loans under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).

All new and pending RESP letters of intent as well as all new and pending RESP loan applications will be reviewed consistent with the new statutory provisions. Requests to modify previously approved RESP loan agreements consistent with the new statutory provisions and other relevant law will be considered on a case-by-case basis where RESP funds have not been advanced.

Applicants may amend their application and reapply if they were denied under the existing NOFA of August 6, 2018 (83 FR 38273) or not invited to proceed in the application process if the new statutory provisions apply to their energy efficiency proposal. Such amendments will not interrupt continued acceptance of applications. The current NOFA provided for a first come, first served process, and this process will continue, and any reapplications will move into line with the reapplication date.

In the Federal Register on August 6, 2018 (83 FR 38273) make the following correction:

Summary of Changes

1. On page 38275, in the second column, under section **A. Program Description**, revise the fourth sentence to read as follows:

Loans made by RESP borrowers under this program may be repaid through charges added to the Qualified consumer's recurring service bill for the property or properties for, or at which, energy efficiencies are or will be implemented.

2. On page 38279, in the second column, under d. EE Program Compliance, second paragraph, revise the second sentence to read as follows:

Nonetheless, under no circumstances will the RESP borrower be able to charge more than 5 percent interest rate to its customers.

3. On page 38279, in the second column, under section d. EE Program Compliance, revise the first sentence in the third paragraph to read as follows:

Qualified consumers must ordinarily repay their loans to the RESP borrower through charges added by the RESP borrower to the consumer's recurring service bill associated with the property where the energy efficiency measures are or will be implemented.

4. On page 38280, in the second column, under the B. Variable frequency drive section, revise (ix) to read as follows:

Efficient cost-effective on- or off-grid renewable energy systems if consistent with the statutory purpose of RESP.

5. On page 38280, in the second column, under B. Variable frequency drive section, revise (x) to read as follows:

Efficient cost-effective energy storage systems if permanently installed to reduce the energy cost or usage of small businesses and families within a rural area.

Chad Rupe,

Acting Administrator, Rural Utilities Service.

[FR Doc. 2019-08796 Filed: 4/30/2019 8:45 am; Publication Date: 5/1/2019]